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FISCAL IMPACT STATEMENT

LS 7196

BILL NUMBER: HB 1563

NOTE PREPARED: Jan 11, 2003

BILL AMENDED:

SUBJECT: Property tax payments.

FIRST AUTHOR: Rep. Moses

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: Local

Summary of Legislation: This bill requires payment of delinquent and current property taxes before certain transfers of real property. The bill creates a state lien on real property for the enforcement of personal property taxes. It creates deadlines for processing of refund claims from the county surplus tax fund.

Effective Date: July 1, 2003.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: This bill will slightly increase administrative costs for county auditors and treasurers.

Explanation of Local Revenues: If a division, partition, or change of ownership of any real property occurs after April 30th, this bill requires that the owner on April 30th pay all delinquent property taxes as well as the May and November property tax installments before title can be transferred. If the division, partition, or change of ownership occurs after the May installment date but before the November installment date the owner must pay delinquent property taxes and the November installment.

This section of the bill accelerates the payment of real property taxes (by up to six months for the November installment for sales before May 10th) and provides an incentive for the payment of delinquent real property taxes. Accelerated receipt of property taxes reduces borrowing costs for county government and increases funds available for county fiscal bodies, local civil units, and corporations.

This requirement would help to clarify the party responsible for the payment of property taxes on transferred real property and would ensure payment in a timely manner, especially in situations where there is a property dispute.

Under current law a personal property taxpayer has 30 days to pay delinquent taxes after the County Treasurer sends a demand notice. If the tax remains unpaid after 30 days, the Treasurer can sell the personal property to satisfy the tax bill. If the property has been removed from the county, the Treasurer can obtain a judgement for the amount of the delinquent tax plus collection costs.

The bill creates a state lien on each tract of real property owned in Indiana if the taxpayer is a resident of an Indiana county and is delinquent in the payment of personal property taxes. This provision can also accelerate the payment of delinquent property taxes.

The bill also makes procedural changes to the process by which taxpayers may file claims for refunds from the county surplus tax fund, but these changes are unlikely to have a significant effect on county tax or special assessment receipts.

State Agencies Affected:

Local Agencies Affected: County auditors; County treasurers; County fiscal bodies; Local civil units and corporations.

Information Sources:

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